

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

UNITED STATES OF AMERICA
***ex rel.* CHERYL TAYLOR,**

Plaintiffs,

v.

**HEALTHCARE ASSOCIATES OF
TEXAS, LLC, et al.,**

Defendants.

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CASE NO. 3:19-CV-02486-N

DECLARATION OF ROBERT W. GIFFORD

My name is Robert W. Gifford. I submit this declaration pursuant to 28 U.S.C. § 1746 and state as follows:

1. I am over the age of eighteen years and am fully qualified and competent to make this Declaration. I have personal knowledge of all facts stated herein, which are true and correct. In support of Relator's Motion for Entry of Judgment, I state as follows:

2. On November 21, 2024, the Dallas Morning News published a news article written by staff writers Sasha Richie and Emily Brindley titled, "North Texas medical chain faces potential \$300 million fine for 20K phony Medicare claims." A true and correct copy of the news article is attached as Exhibit A.

3. I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Dallas, Texas on December 2, 2024.

By: /s/ Robert W. Gifford

Robert W. Gifford

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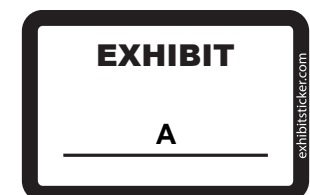
North Texas medical chain faces potential \$300 million fine for 20K phony Medicare claims

A whistleblower discovered the fraudulent claims when she worked in the clinics' billing office.

By **Sasha Richie** and **Emily Brindley**

Staff Writers

Nov. 21, 2024 | Updated 11:30 a.m. CST | ⌚ 4 min. read





Healthcare Associates of Texas building is seen in Irving on Nov. 20, 2024. (Azul Sordo / Staff Photographer)



Update:

CORRECTION, 3:30 p.m., Nov. 21, 2024: An earlier version of this story incorrectly included two individuals in a list of employees found to have conspired to violate the False Claims Acts. The pair were named in the original lawsuit but claims against them were dismissed Nov. 5.

A chain of health clinics knowingly filed more than 20,000 false Medicare claims from North Texas locations, a jury ruled this week. And with statutory penalties attached to each individual claim, the clinic chain could be facing a total fine of more than \$300 million.

A Dallas law firm filed the suit against the chain — Healthcare Associates of Texas, which operates eight clinics in North Texas, per its website — on behalf of a whistleblower, who discovered the fraudulent claims when she worked in the clinics' billing office.

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“Like many health care providers, HCAT submits Part B claims for reimbursement directly to the Government,” said the initial complaint, filed in 2019. “Unlike most other health care providers, HCAT and its individual physicians and other employees engaged in a widespread dishonest scheme to defraud the Government by submitting many millions of dollars of false and inflated claims.”

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A lawyer for Healthcare Associates of Texas gave a written statement in response to the jury’s decision:

“HCAT complied with applicable Medicare billing rules and continues to provide high-quality patient care. HCAT is disappointed in the verdict and will be pursuing all of its options.”

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Healthcare Associates of Texas was brought under the umbrella of WellMed when it was purchased for \$300 million by parent company Optum in 2022. Optum is a subsidiary of UnitedHealth Group, which also operates the insurance company UnitedHealthcare.

According to the lawsuit, which was filed in the Dallas division of the U.S. District Court for the Northern District of Texas, the clinic chain fired the finance employee, Cheryl Taylor, when she raised concerns about the claims.

A spokesperson for the U.S. Department of Justice declined to comment.

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The lawsuit alleged that Healthcare Associates of Texas filed fraudulent Medicare claims in a number of different ways, including by billing medical services under credentialed physicians when those services were actually rendered by subordinates and by misrepresenting the necessity of various lab panels and other screenings.

According to lawyers, Healthcare Associates of Texas would find ways to stretch annual wellness visits covered by Medicare into three separate billings, and tack on excessive scans and lab work. Though such tests can be covered by Medicare in necessary circumstances, “HCAT ran tests no matter what — and then looked for a way to justify billing them,” the legal filing says.

“Worse, HCAT manipulated the medical charts for Medicare beneficiaries to cover up the improper approach,” the filing says.

The lawsuit alleges the fraudulent claims topped 47,000 from 2015 to 2021.

On Monday, a jury did not agree that all of those claims had been fraudulent, but did rule that Healthcare Associates of Texas knowingly submitted 21,844 fraudulent claims to the tune of \$2.8 million in damages due the government.

Each individual fraudulent claim also comes with a penalty that could range from about \$14,000 to nearly \$28,000, in accordance with the False Claims Act. That means the clinic chain could be forced to pay more than \$304 million in penalties to the federal government, although the judge has not yet issued the penalty amount.

The jury also ruled that five employees of the clinic chain — David Harbour, Kristian Daniels, Dr. Charles Powell, Dr. Walter Gaman and Dr. Terrence Feehery — had conspired to violate the False Claims Act.

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Robert Gifford, a partner at the Dallas firm Johnston Clem Gifford and the lead attorney for Taylor, said the whistleblower felt “vindicated” by the jury’s ruling.

“She spent four or five years almost feeling like everybody’s telling her she’s wrong, when all she did was try to do the right thing,” Gifford said. “She’s feeling relieved more than happy, but she feels like the process worked.”

Healthcare Associates of Texas could still appeal the ruling or settle the case with the plaintiff.

The false claims submitted by Healthcare Associates of Texas are one of several common Medicare fraud schemes, according to Charles Silver, a professor at the UT Austin School of Law who specializes in health law.

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“Basically everybody who sends bills to the federal government for payment is tempted to commit fraud, and fraud is very, very widespread,” Silver said. “This is just par for the course in the health care sector.”

In fiscal year 2023, [the Department of Justice reported](#) 543 settlements and judgments under the False Claims Act, the most ever in a single year. Of the more than \$2.68 billion reported in those settlements and judgments, over \$1.8 billion was related to the health care industry and restored to federal programs.

Healthcare Associates of Texas’ parent company, UnitedHealth Group, is [currently at the center of a \\$2 billion Medicare fraud case](#) brought by the Department of Justice and being tried in Los Angeles.

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The proposal, which would not be finalized until after President-elect Donald Trump takes office, could cost taxpayers as much as \$35 billion over the next decade.



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More about: [Health Care](#)By **Sasha Richie**

Sasha is a business reporter for The Dallas Morning News. She has previously worked for the news department at Car and Driver magazine and served as the sports managing editor of The Duke Chronicle. She graduated from Duke in 2023 with a degree in Russian, a certificate in Policy, Journalism and Media Studies, and a minor in political science.

Connect:  By **Emily Brindley**

Emily Brindley reports on health in North Texas and across the state. She was previously an investigative reporter at the Fort Worth Star-Telegram. Before moving to Texas in 2021, she covered the coronavirus pandemic at the Hartford Courant in Connecticut.

Connect: 